

**Summary of Twenty-third Negotiation Session on
New Water Supply and Extended MOU Agreement**

Date of Session: October 25, 2004
Place: Santa Rosa Laguna Treatment Plant
Time: 9:00 AM – 11:30 PM

Parties Present and Represented:

Cities: Cotati, Petaluma, Rohnert Park, Santa Rosa, Sonoma and Windsor.
Special Districts: Sonoma County Water Agency, Valley of the Moon WD, North Marin WD and Marin Municipal WD.

Attachment A contains complete list of attendees.

Draft 7 of Extended MOU:

John Nelson presented Draft 7 of the Extended MOU (Attach. B), explaining that it incorporated some edits proposed by attorneys for the City of Santa Rosa, SCWA and Sonoma and referenced an anticipated updated SCWA Board of Directors Interim Impairment Resolution expected to be approved in December.

There were no further changes from the parties and it was the consensus to proceed with final reviews, including updating the various Boards and Councils and await completion of negotiation of the Restructured Water Supply Agreement for formal approval.

City of Petaluma's Proposed Water Shortage Allocation Methodology:

Mike Ban reviewed the City of Petaluma's proposed method (actually two alternatives) for taking differences in non-residential use into account in allocation water during a shortage including comparison to the City of Santa Rosa method.

Krishna Kumar and Toni Bertolero (speaking for Cotati) said they favored the Santa Rosa method. Chris DeGabriele said he favored allocating Tier 2 water as a function of entitlements. Jane Bender concurred with Chris, and added that any method that relies on previous consumption is a disincentive to water conservation. Randy Poole said he had problems with both calculations.

Darrin Jenkins said that Santa Rosa's method implemented Section 3.5 of the 11th Amended Agreement while Petaluma's was starting from scratch. He posed the question: do we want to retain the approach in the 11th Amended Agreement or start from scratch. All agreed to have an item on the next WAC agenda (December 6) to discuss allocating supplies in a water supply shortage.

Discussion then focused on the Tier 2 allocation and whether it should be based on:

1. Entitlements - as the case in the 11th Amended Agreement,
2. Recent water use history as presented in the Petaluma method, or
3. A method based on unit use levels, which takes into account conservation goals consistent with implementation of water conservation strategies (BMPs) as postulated by John Nelson.

After discussion, Al Bandur said an independent consultant should prepare an allocation plan. Chris DeGabriele and Randy Poole suggested John Nelson look at the work done to date and investigate the 3rd method.

Status/Progress on Restructured Agreement

Randy Poole noted staff had drafted some language for Section 3.5 and that on November 2 another session on the demand hardening issue was being held with Santa Rosa. At the suggestion of Mike Bierman, Mr. Poole agreed to distribute the draft Section 3.5 language to the parties cautioning that it was a work in progress.

Krishna Kumar reported the VOM Board had indicated that its current mismatched water supply cap be listed as a major issue that needs to be resolved for VOM to sign the Restructured Agreement.

Information on Upcoming SCWA Workshop on November 1st

Randy Poole discussed topics expected to be covered at the Workshop. He said he was recommending a new EIR be prepared that would include new demands of the Contractors based on more recent General Plans and Section 7 work/programs. He said it should take 2 years or so to complete and should not increase the timeline compared to following a supplemental EIR path. He said that in any event it would be incumbent on the Water Contractors to implement 7,500 afa of new supply/water conservation/recycled water offsets, all supported by local EIR's, to bridge the gap until increased water supply from the new project could be counted on. He said he did not want to go into detail at this time and preferred the WAC first review the staff package on this and other water supply matters that is being presented to the Board. He said he expected to email the package tomorrow (Oct. 26th).

Report from Subcommittee of WAC re. Water Conservation Reporting:

Chris DeGabriele reviewed the results of the subcommittee's deliberations and went over a draft statement he proposed be presented to the SCWA Board at the November 1st Workshop. The consensus was for the Chairman of the WAC to present the statement.

Randy Poole stated he felt it was his Board's feeling that Water Contractor's had not lived up to water conservation commitments. Chris said this is not the case and asked for

specifics. Mr. Poole said he expected the Board would address this at the Workshop and noted tiered rates and irrigation water running to waste as concerns.

Next Agreement Negotiation Session:

Time and Date: 9:00 AM-12:00 PM, December 6th, 2004 (to be combined with the Regular WAC Meeting scheduled on this date).
Place: Santa Rosa's Laguna Treatment Plant

Attachments:

- A. List of Attendees, October 25, 2004 Negotiation Session
- B. Draft 7 of Extended MOU dated 10-22-04 With Changes Relative to Draft 5 dated 8-19-04

Attachment A

Water Advisory Committee Negotiation Meeting Short Minutes For October 25, 2004

Attendees:

- Miles Ferris, City of Santa Rosa
- Virginia Porter, City of Santa Rosa
- Jane Bender, City of Santa Rosa
- Janet Orchard, City of Cotati
- Toni Bertolero, City of Cotati
- Chris DeGabriele, North Marin Water District
- Drew McIntyre, North Marin Water District
- Dennis Rodoni, North Marin Water District
- Randy Poole, Sonoma County Water Agency
- Pam Jeane, Sonoma County Water Agency
- Kiergan Pegg, Sonoma County Water Agency
- Mike Ban, City of Petaluma
- Mike Bierman, City of Petaluma
- Mike Fuson, City of Sonoma
- Al Bandur, City of Sonoma
- Krishna Kumar, Valley of the Moon Water District
- Jon Mandell, Marin Municipal Water District
- Paul Helliker, Marin Municipal Water District
- Darrin Jenkins, City of Rohnert Park
- Matt Mullan, Town of Windsor
- Paul Berlant, Town of Windsor
- John Nelson, JONWRM

Public Attendees:

- Brenda Adelman, RRWPC
- David Keller, FOER
- Bob Anderson, United Winegrowers
- Jo Timmsen, To Tell the Truth
- Paul Stutrud, Owl Foundation